



July 23, 2004

Ms. Jennifer J. Johnson, Secretary of the Board
The Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

RE: Docket No. OP-1196
Study on Disclosure of Debit Card Fees

Dear Ms. Johnson,

I appreciate the opportunity to comment on the issues outlined in Docket OP-1196.

Within Docket OP-1196, it is suggested that, should the Board of Governors find disclosures relating to PIN debit, point-of-sale transaction fees inadequate, merchants may be required to list PIN debit charges on customer receipts. Please allow me to illustrate several problems merchants will inevitably face if forced to bear the burden of disclosure for financial institutions.

Today, merchants do not know which financial institutions charge additional fees for point-of-sale transactions and which do not. Under the scenario proposed, financial institutions would likely communicate this new piece of information to the merchant via the technology currently used to authorize PIN debit transactions at the point-of-sale. Such changes in the authorization communications will force merchants like Walgreens to make significant changes to their point-of-sale technology. With significant changes come significant costs. Merchants should not be forced to pay to strengthen financial institutions' disclosures. Instead, the onus must be on those financial institutions that impose the fees.

Additionally, I believe notification of bank fees on a merchant receipt will add to customers' confusion as to which entity is assessing the fee. Walgreens receives several inquiries a week regarding the addition point-of-sale fees by financial institutions. Customers already falsely accuse Walgreens of adding these fees to their purchase. Disclosure on our receipts will ultimately force Walgreens to dedicate resources to resolve such complaints.

Finally, please consider that fee disclosure on the merchant receipt will be after-the-fact. Even if the consumer were to return their purchases after reading the fee disclosure on their receipt, banks would still assess this fee.

All of the problems outlined above increase the cost of accepting PIN debit cards to the merchant. Increased costs to the merchant are reflecting in higher prices for consumers. Ultimately, placing the burden of disclosure on merchants will harm consumers.

I appreciate the opportunity to comment on these matters.

Regards,

Susan L. DeVries
Treasury Project Manager
Walgreen Co.